

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

November 19, 2002

4:30 PM

Chairman Shea called the meeting to order.

The Clerk called the roll.

Present: Aldermen Shea, Guinta, Smith, Thibault, Lopez

Messrs: R. Sherman, Commissioner Martineau, R. Descoteaux, S. Maranto,
S. Wickens, Deputy Chief Robinson

Chairman Shea addressed Item 3 of the agenda:

Communication from Guy Beloin, Finance Department submitting the
unaudited Monthly Financial Statements for the four month period ending
October 31, 2002 for FY2003.

Chairman Shea stated I have a couple of questions, Randy, if you want to hit the highlights of the report.

Mr. Sherman replied sure. If you flip over to pages 1 and 2, which are the modified budgets versus the actuals, again I guess what I would point out is that there is nothing unusual going on. If you look at the percentages we are pretty much right in line with last year and that even takes into account the fact that we have stripped that \$650,000 out of the departmental budgets so again there is nothing really going on on the expense side. If you flip all the way down to page 6 where the revenues are, the first thing I want to point out is the third line down where we have the cable franchise fee. I want to alert the Board that the revenues for FY03 are coming in less than they were for last year. I believe there are two factors for that. One is the fact and maybe Leo can chirp in here but I believe one is the fact that we lost the high-speed computer access. It is no longer counted in the revenues. Leo, aren't we also down to 4%?

Clerk Bernier replied that is correct.

Mr. Sherman stated so last year we were getting 5% and this year we are down to 4% and we don't have the computer hook-ups in there. The second item I want to point out is on the auto registration. So far for the first four months we are actually up 2.78%. That is the first line under licenses and permits. However, that

is the good news that we are up 2.78% but the bad news is that the budget was up 5.2%. Again while we are up we are not quite tracking with the budget and as you know that represents about 1/3 of our non-tax revenues, that one line item. If you drop all the way down to the bottom line, we budgeted in the fourth column over the 6.74% increase and if you go over to the last column through October we are at 6.7% so we are tracking overall. Bottom line we are right on the budget but those two items, the cable and the auto registration, if they continue to trend the way that they are they will ultimately drag the bottom line down. Again, through October we are doing just fine.

Alderman Thibault asked why did we go from 5% to 4%.

Mr. Sherman replied I will defer that to Leo.

Clerk Bernier stated the 1%, if I am correct and Tom Arnold is here...

Deputy Solicitor Arnold stated the revenues have gone down because last year the 5% included the Internet access fees but the FCC had issued a ruling saying that they are information and not cable services and consequently AT&T stopped paying the 5% on the Internet access but they should be paying 5% on...

Mr. Sherman interjected but wasn't there also a fee on a fee that we lost. There was some other adjustment.

Deputy Solicitor Arnold stated that is true.

Mr. Sherman stated so that didn't drop it from 5% to 4% but it did slightly drop the percentage.

Deputy Solicitor Arnold replied it would have dropped the percentage but we should still be getting 5%.

Mr. Sherman responded I am sorry. I misspoke.

Alderman Thibault asked, Tom, why did we lose the Internet access. They never told us about that. How were we supposed to know that?

Deputy Solicitor Arnold answered there was a letter that was sent to the Board last year sometime. That was due to a ruling from the Federal Communications Commission. We have no control over that. I understand that that is being appealed and they are going through a rule making process as to how they are going to handle that now. I don't know what the end result will be.

Alderman Thibault stated let me go back to the question before. How are they going to handle the fact that it went from 4% to 5% if, in fact, the Federal Communications Commission said they should pay us 5%?

Deputy Solicitor Arnold replied the contract provides for 5% but that 5% is now only on their cable subscription and advertising revenues, not the cable subscription, advertising and Internet. So, even though you are still getting 5%, the amount is going to be less.

Alderman Lopez stated we had some conversation...I just want the Accounts Committee to know that Randy and I had some conversations in reference to salaries and all of that and who is responsibility to keep track as a check on departments. Randy, could you enlighten me for the record as to which department is responsible to keep track of the record on the salaries and benefits of the employees of the City of Manchester?

Mr. Sherman replied the Finance Department does not have access to the payroll module, per say. Each department is allotted a budget for their salaries and benefits and it is based on certain positions. It ultimately comes down to the Human Resources Department that really would have all of those records and be able to identify where the vacancies are, where the savings are, how much has been paid for each individual position. When the Finance Department used to do payroll up until July of 1997 we had full control over all of those numbers so when vacancies were being requested to be filled we could tell you whether there were ample funds in there. When contracts were being settled we had all of the numbers. We could do the calculations on what those costs were. At this point, the Human Resource Department really has access to all of that and that really should be their domain.

Alderman Thibault asked, Randy, if I hear you right you are saying that each department handles the money of all of their labor force. Is that right?

Mr. Sherman answered that is correct.

Alderman Thibault asked so in other words if three people leave the Health Department tomorrow, you don't even know about it but they end up with three salaries that they are no longer paying.

Mr. Sherman answered that is right. We don't even get a notification of that.

Alderman Thibault asked who has that.

Mr. Sherman replied that would be Human Resources. Human Resources controls that information.

Alderman Lopez stated as a clarification and for the benefit of the Committee I wanted that on record because in the past week since the last Board meeting the Mayor and Ginny and myself have been trying to find out different things about salaries and benefits and believe me it is a nightmare. She is responsible for it but there will be more information forthcoming about this and that is why I wanted it on record.

Chairman Shea asked who notifies whom. In other words is that the key question?

Alderman Lopez answered yes that is the key question.

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was voted to accept the monthly financial statements.

Chairman Shea stated I would like to move to Item 7 now as Paul Martineau is here and he has an appointment to get to.

Communication from Robin Descoteaux asking the Committee to advise as to whether they wish to continue to pay Manchester Emergency Shelter absent a long-term agreement, or to hold the funds until she receives documents she feels is proper.

Mr. Sherman stated the question on Item 7 and Paul can certainly come up here but the issue with the Manchester Emergency Shelter is that for a number of years and Paul probably knows the specific number of years, the City was working without a contract. There was no doubt about it. We would get a letter every month and we would just keep paying the same amount. I guess that the shelter has kind of run into some cash flow problems earlier this year and we were asked if we could start advancing their monthly payments to them, which we did. We said we certainly didn't want to shut them down because they help Paul and it reduces costs in his operating budget so we kept advancing them dollars. Finally we said we have to resolve this issue as far as these advances. We can't just continually do advances. So Paul will speak to you but my understanding is that Paul sat down with them and they came up with a new agreement. They have a new monthly amount that they would like to go on. The problem is that we don't have a contract at this point. What we have done on an interim basis is sign these one-month agreements and I believe we are in our third one-month agreement at this point. The question is what would the Committee or the Board like us to do at this point. They don't seem to be getting any response from attorneys as far as getting a permanent agreement. We are working on this one-month agreement,

which in all honesty is better than what we had before with the little letters that we had. We didn't really even have any agreement but again the question is we are paying it as it comes in. It is coming in and Paul has control over his budget but the question that comes back to the Board is what would you like us to do with this? Do you want us to continue these monthly payments? How do we proceed from here?

Commissioner Martineau stated in the past what it was was there was no agreement and no contract. The City was paying \$7,100 a month. What I wanted to do was have a business-like approach to this and say listen what we need to do is have a lease agreement with them. I spoke to Tom Clark. Obviously for liability purposes for the City and also for them because they are a non-profit organization this is a good idea. What we wanted to do was set-up a lease agreement where we are going to lease the building, which is City owned for \$1/year then we would go into a contract where we would say okay we are going to pay you X amount of dollars to run this. Now, the personnel that were in there didn't have any benefits and had been there a long time so we said look we need to pay them a decent wage. The other thing is they weren't getting the McKinney Grant this year for \$25,000. We didn't know if they were going to get State help either. They are going to get \$17,000 from the State so what I am requesting for December is \$11,000. I met on June 25 with Tom Clark and Atty. Horan, who is the attorney on the Board there who does pro-bono work for them. He was going to basically get a lease agreement over to Tom Clark to review so that we could bring it before the Lands & Buildings Committee, which I did bring to you people in September thinking this would be forthcoming and you passed it on to the Board without any recommendation so I am still waiting for this. I have called the attorney, Al Gagnon, the Chairman of the Manchester Emergency Housing has called them, Jeff Michelsen who is the Director has called them. Hopefully we are going to get this thing going. In the interim what Tom Clark advised me is that we do an emergency monthly agreement so that we can pay them. Now they are my primary source or resource as far as referring homeless families to that shelter versus using hotels and motels. This is why we are here. I know that Finance says they need some kind of contract. I am saying yes it is going to be forthcoming. Through not fault of my own or Tom Clark's this thing has been in abeyance. What I am saying is this month we are only putting in for \$11,000 because like I said they got a payment from the State. I just hope that the Board goes along and agrees to pay it this month. Hopefully by next month we will get this thing cleared up.

Chairman Shea asked is that covered by your payroll in your budget.

Commissioner Martineau answered what happens is it comes out of our line item rental. One of the things I want to do also for next year is...to me this is a rental.

It is an operational cost. What we are doing is basically paying for them to operate this agency. The other thing is they are going to be getting new members on Board and one of the things I told them is as a non-profit they can also do fundraising, which will reduce our liability. I am willing to work with them and I have helped them bring on board new people who are interested in working there and will be working there. It has been a disorganized organization in that the Board of Directors had some people leave and so forth and the prior administrator used to be a member of the Board, which Tom Clark says shouldn't have been. In other words, I shouldn't be part of it because they are a separate organization. I am looking at basically helping them do fundraising and to set it up in a businesslike manner so that we have a contract and Finance knows what we are doing and we are paying a certain amount every month for them to operate and then at the end of the year if we do fundraising or to get more money from the State they can reimburse the City and we can put it in our revenue account.

Alderman Guinta stated this says in prior years we paid \$7,100. Is that per month or per year?

Commissioner Martineau replied per month.

Alderman Guinta asked in FY03 we are going to increase that to \$15,000 per month.

Commissioner Martineau answered yes because first of all they are not getting \$25,000 from the McKinney grant. With that \$7,100 a month they were also getting \$42,000 from the State per year. Now that \$25,000 is no longer year and we have to absorb that plus the fact that they have had to increase the pay of the personnel in there and also give them some vacation time so you can maintain these people because they have been there a long time. Also, the directors there had no insurance so they had to buy liability insurance for themselves and I don't blame them. There are other expenses that came into line that we have to absorb.

Alderman Guinta asked can you explain to me...this is not a City department but a non-profit entity, correct.

Commissioner Martineau answered this is a non-profit entity, correct.

Alderman Guinta asked and the City doesn't use this entity but the Welfare Department uses it, right.

Commissioner Martineau replied what it is is a three-story building and we put about eight homeless families in there. Last year they had over 8,200 bed nights, which means we are keeping about 22.5 people there per day. We are using this as

a...like I said it is our primary resource. In lieu of using hotels and motels we are sending them to the homeless shelter.

Alderman Guinta asked why is the State limiting the funding.

Commissioner Martineau responded one of the things we have had going on with the State, the person who is in charge of the homeless shelters for the State, what happens is they say that every time they call Manchester we never have any room because we keep it full so their argument is that we are only putting Manchester people in there and technically it is just a Manchester shelter. Well, that is true in a sense but the other thing is when people come in from other areas like Derry or whatever, we end up using that shelter so indirectly we are using it as a shelter for people who don't live in Manchester. The McKinney grant is something that wasn't authorized this year but they are going to be resubmitting it. Jeff Michelsen is going to resubmit an application next year to try to get that money.

Alderman Guinta asked so we received that grant money for FY02, well not we but...

Commissioner Martineau interjected for last year not for this year.

Alderman Guinta asked so for this year it was submitted and denied.

Commissioner Martineau answered it wasn't processed. It wasn't applied for and it wasn't processed. That is the shelter director.

Alderman Guinta stated I guess my concern is that they didn't apply for it and now the City is stuck with the bill.

Commissioner Martineau replied it isn't actually stuck. In other words it is money that we are not getting but we need to have a homeless shelter. The purpose of it has been to save the City money and that is what it has been doing.

Alderman Guinta responded I understand that. What I am trying to get at is why didn't they apply for the grant.

Commissioner Martineau stated I don't know all of the details about that particular part of it. I think that can be explained either by the Chairman or Jeff Michelsen as to actually what transpired. All I know is they are not getting the \$25,000. They are getting \$17,000 from the State.

Alderman Guinta stated I would like to do some further research on this before we approve any cost increases to the City.

Alderman Thibault stated Paul one thing I would like to know is you said something about the legality of this was not done, whether it was through our legal department or through...

Commissioner Martineau interjected are you talking about the lease agreement.

Alderman Thibault responded yes. What do we need to do to put pressure on these people to get this lease agreement done so we know exactly where we are?

Commissioner Martineau stated the pressure is basically...if you people forestall this tonight and don't approve it I am just going to say listen let's get the lease going.

Alderman Thibault asked whom should we address it to. Should we address it to the City Solicitor?

Commissioner Martineau replied I have been in contact with Tom Clark and he has been in contact with Mr. Horan and nothing has been forthcoming. At one point I asked Tom if he should do it and then send it to Atty. Horan. He replied that he did propose that to him but Atty. Horan said he was going to do it. The other thing is this is serious in a sense that...I know where Alderman Guinta is coming from asking to look into it but if you close this down we are going to pay a heck of a lot more later. If you shut it down what happens is all of these people will be out of work and...

Alderman Thibault interjected what is your recommendation. Is it to keep it like it is right now?

Commissioner Martineau stated my recommendation is let's approve it for December for \$11,000 and then I will get this thing cleared up before next month and I will go before the Board of Mayor and Aldermen to get the lease approved and also to get the contract approved. Al Gagnon, who is Chairman, told me he will be there the night that we get the contract and so will Jeff Michelsen so you can get all of your answers.

Alderman Lopez stated I have a couple of things. If you don't get the money, what is going to happen?

Commissioner Martineau replied it is going to create a big mess because we have to get these people out of there and into motels. The other thing is when they are in there they get food vouchers from the State. We get rent from them but they get TANIF. We also charge them rent. My revenue account this year is going to go

up. It is going to be an offset in a way to. People aren't going in there and just getting a free ride. If they get TANIF money based on the kids they have, I am charging them rent so our revenue account is going to be bringing money in and it will be an offset to the total cost of this also.

Alderman Lopez stated I personally think it can be solved. I think Finance has a problem and maybe Robin can help us. I think it is an administrative problem between your department and the City Solicitor in approving the \$11,000. I will let Robin speak about what the problem really is.

Ms. Descoteaux stated why I brought this to you attention is CIP deals with a lot of non-profit organizations. They require their non-profit organizations to submit the operating expenses we are paying for. This is what I am trying to get is the detail of the expenses as to why it went up as much as it did. I understand some of that but as the Finance Department we really need to know the breakdown of what we are paying for. We make the garages submit the detail; other non-profits submit their detail. I don't see why this one has to be any different. Also, I don't want to have duplication of payment because MEH does get some funding from CDBG funds so I can't tell what we are paying for and question it and see if we are double paying between CDBG funds and the City operation.

Alderman Lopez moved to approve the \$11,000 and have the Solicitor work with the Welfare Commissioner to come up with some administrative procedures that will be brought back at the next meeting.

Alderman Thibault duly seconded the motion. I believe the Commissioner has been working with the Solicitor already for two or three months and we still have not gotten anywhere. How can we resolve this? Who can we put pressure on to make sure that we get this done?

Commissioner Martineau stated the problem from the City standpoint is the attorney, Mr. Horan, needs to come forth with this lease and get this out of the way. I am talking back on June 25 when we first met and there have been follow-ups since then. As far as the CDBG funds from CIP, that is reimbursement from fuel and expenses of that sort. We already have that figured in the budget so we are not double paying them but that is why with Al Gagnon's help we prepared a budget, which is what we are going to be presenting to the Board when we come in with the contract to show that we are not double paying. Finance can have a copy of that also. I will call Atty. Horan tomorrow. I will go by his office.

Alderman Thibault asked, Paul, can Tom Clark do something.

Commissioner Martineau stated I will go by and see him tomorrow and tell him we need to get this done.

Alderman Smith stated I can't believe that a fellow who is on the Board of Directors and who is an attorney hasn't done his homework.

Commissioner Martineau replied my understanding from our first meeting was that it was going to be a simple lease and there wasn't going to be a problem. He was going to fax it to Tom. At some point we thought it was forthcoming because I sent before Lands & Buildings and said that I wanted to get the lease approved. That was in September and they put it on the table and it is going to be on the table again tonight. I will, tomorrow, personally make sure that I contact him and tell him we need to get this done.

Alderman Smith stated we are coming to the wintertime and these places are going to be full. I don't think we have any recourse but in all fairness to Robin and the Finance Department, they want a contract. I don't know if it is a matter of communication but I think if you could talk to Mr. Horan and get that done it would be appreciated.

Commissioner Martineau responded there is no question. Like I said I wanted to have a businessman's approach to this thing and I started back in June. I certainly haven't...from my standpoint I can't do the lease myself and we assumed he was going to follow-through.

Alderman Lopez moved to amend his motion to add that the City Solicitor work with Atty. Horan to get the lease done. Alderman Thibault duly seconded the motion.

Chairman Shea called for a vote on the amendment. There being none opposed, the motion carried.

Chairman Shea called for a vote on the motion to have the City Solicitor work with the Welfare Commissioner to come up with some administrative procedures and to have the City Solicitor work with Atty. Horan to get the lease done between the City Welfare Department and Manchester Emergency Housing. There being none opposed, the motion carried.

Chairman Shea addressed Item 4 of the agenda:

Communication from Robin Descoteaux, Finance Department, submitting the CIP Monthly Financial Statements for the four month period ending October 31, 2002 for FY2003.

Ms. Descoteaux provided a handout to the Committee members.

Chairman Shea asked do you have any comments to make before I open it up for discussion.

Ms. Descoteaux stated well now that we are coming up to the next budget season and I know that CIP will be putting together some more projects for me, I would like to close out a lot of these old ones. Sam is here tonight because I brought to his attention the Community Development Initiatives. Each year we have funding for CIP cash and I still have four open projects for that and it is not being used.

Chairman Shea asked where is that.

Ms. Descoteaux answered it is under CIP Cash. It is page 1. Project #810300 for \$10,000 and then there is #810702 with \$5,000 open and #820502 for \$5,000. Out of FY02 #820200 has \$15,000 and they have only spent \$7,992. Like I said I am just bringing that to your attention for the next budget process because you do have all of these open and the money is not being spent. We were looking at cuts last year and we have all of these projects that are open that are overlapping years and we really need to start cleaning up some of these projects.

Chairman Shea asked when you say cleaning up the projects do you mean spending the money for them or transferring the funds to another year. What do you mean?

Ms. Descoteaux replied well for instance CIP Cash...I get the impression that people come to you and go through the CIP process for cash this year to start for next year. The money is not being spent? Why? They came to you two years ago. Why isn't it being spent? Last year there were some who didn't get extensions so rule of thumb should be if it is not spent it is not extended and we are going to put it back into fund balance. If they are going to extend it, why isn't it being done? I think we need to be a little more firmer with the cash because there are a lot of projects sitting here.

Chairman Shea stated I know that Alderman Lopez mentioned something that had to do with Information Systems and all of the sudden they threw themselves at the mercy of the court so to speak when money wasn't spent for several projects that were three or four years old. I am not quite sure what the best method...could you recommend something to our Committee so that we would have some consistency in what you see the best procedure to be so that there is not inconsistency between the CIP Committee and the Accounts Committee and other members of the Board.

I don't think all of us are aware, really of what is being funded and what is not being funded and why it is not being funded.

Ms. Descoteaux replied I don't understand either. I just started attending those meetings. I could sit with Sam and go through the process this year with him.

Alderman Lopez stated in looking at some of these I think...like the hazardous tree removal project that will be taken up in the winter time when we have storms and stuff. I know what Robin is getting at to a degree but something like Makin It Happen, which is an operating expense on that board, that is all accounted for. I sit on that board for example. They have counted on that operating budget, that \$10,000. I don't know what the procedure is to get the money. Do you just send them the check for \$10,000 after they give you the necessary paperwork?

Ms. Descoteaux replied what happens with a lot of the CIP non-profits is they sit down and make a contract and they submit whether it is monthly or quarterly and we pay them a disbursement based on their operating expenses and what CIP authorizes us to pay. For instance, if it is \$10,000 they don't make them pay \$10,000 on July 1. They say during the course of the year I will pay you. So it is finally paid at the end of the year. The CIP ones aren't usually...especially for the non-profits, they have really been cracking down and getting them to submit the proper paperwork.

Alderman Lopez stated I think one thing that might be able to help the Committee or to help you in your process is for you to devise some type of form that you could send to these people and then you can inform the Committee about those people who can't supply you with the necessary information to satisfy your needs.

Ms. Descoteaux replied I can do that.

Mr. Maranto stated relative to some of the older projects in the past we used to come to the full Board with a page or two of projects to be extended. At your request, Alderman Lopez, we have gone back and now we ask them to justify the part that hasn't been completed and why it hasn't been completed in the anticipated schedule for expenditures. Hopefully that should do away with having projects run two or three years. Something that I used to do a while back, which was actually very labor intensive was I used to request from each department a cash flow analysis for their projects. It was a great way of monitoring to see what projects were slow. There are various reasons why some of these projects remain here but the bottom line is in December when we come back to you with projects that aren't 2003 if they want the funds to be extended there will be justifications there, which we can look at and determine what the merits are. If we don't

determine that the project is valued and the merits are proper we close that project out. I totally agree with Robin about the older projects and moving them forward.

Alderman Lopez stated the other one I am interested in is there seems to be a lot of money in the bonded projects in the Year 2000. I am on page 2. There must be a reason...the Riverfront Development where do we stand on that? There is \$518,000 in one account and then there is another couple of hundred thousand. Where do we stand on that and why isn't this money being spent or is it going to be?

Mr. Maranto replied I would really like to defer this to the Highway Department but as you know when you have a major development project like that the construction season and design processes generally take a certain amount of lead-time. I really at this time couldn't tell you as far as that \$500,000 how much of that is committed. I would have to defer to Bruce Thomas at Highway to get that information for you.

Alderman Lopez asked would you please do that.

Alderman Thibault stated Sam I wanted to bring you up and find out about some of these fund balances. Let me ask you a question that still bothers me. Once we end up with a project and it is paid for and everything is done and there is a balance, what do you do with that balance? Do you turn it into the general CIP fund?

Mr. Maranto replied historically especially with bonded projects the department generally comes back...there are always projects that aren't funded and we end up transferring funds to fund other projects.

Alderman Thibault stated I don't see many of those coming to the Board for transfer and I think that is my concern.

Mr. Maranto replied again on any given CIP, if we have \$10 million worth of requests, and we only have \$5 million we have a whole backlog of projects and the minute they complete a project if there is a balance they come back and ask can we do priority #2 or priority #3 and generally the Board reviews that and makes a determination.

Alderman Thibault asked that goes through the CIP Committee.

Mr. Maranto answered CIP and the full Board.

On motion of Alderman Thibault, duly seconded by Alderman Guinta, it was voted to accept the CIP monthly financial statements.

Chairman Shea addressed Item 5 of the agenda:

Communication from Sharon Wickens, Finance Department submitting reports as follows:

- a) Department Legend
- b) Open invoice report over 90 days by fund
- c) Open invoice report –interdepartmental billings only
- d) Open invoice report – due from School Dept. only
- e) Listing of invoices submitted to City Solicitor for legal determination

Alderman Lopez moved the item for discussion. Alderman Smith duly seconded the motion.

Ms. Wickens stated there are no write-offs but of course we are still dealing with the ones from the last time. If anyone has any questions about any particular report just ask. I actually met with Alderman Smith about a week ago.

Alderman Smith stated I don't know where to start. As you well know I have been trying to follow this for about six months. I know that we had discussions and we are owed over \$3 million right now or about \$3.8 million.

Ms. Wickens replied right but most of that was Airport as I had pointed out.

Alderman Smith asked well that is what is owed right now, \$3.8 million right.

Ms. Wickens replied as of this report that I just gave you it is \$2.3 million.

Alderman Smith asked and you are not including the Airport right.

Ms. Wickens answered that is including the Airport. The Airport was quite a bit of that; it was like \$1.2 million.

Alderman Smith stated I am just going to throw out these questions because they are bothering me. I tried to itemize everything. There are some individuals here who can maybe find out...like on Fire calls at 64 Merrimack Street there were 26 calls to this residence. Apparently he owns the building. There is something we should be able to do. I don't want to give out the name but it is 64 Merrimack Street and there were 26 calls by the Fire Department for fire alarms, user fees and so forth. I think it is ridiculous for them to spend their time this way. I think it is on Page 5. It is an amount that totals over \$4,000.

Ms. Wickens asked that is Philip Desmarais.

Alderman Smith answered that is correct.

Ms. Wickens stated that is in the hands of the Solicitor and in talking with Tom Arnold the other day they are having trouble actually finding him. They have papers that he needs to be served because they are trying to bring him to court.

Alderman Smith stated I would like to go down and discuss some more of these. The Police Department, now I know they have a uniform allowance and I notice that a lot of these are uniforms. I counted the number of policemen and there were 41 policemen in uniform. Maybe I am misinterpreting something. I know they get \$100 allowance for uniform cleaning but there are 41 patrolmen here for cleaning. I usually trust the law.

Ms. Wickens replied Deputy Chief Robinson is here and he can perhaps answer that.

Deputy Chief Robinson stated on your list there are 41. The list as of the time I came here this afternoon is 25 people who owe. This has been an ongoing...first of all the cleaning allowance is \$225/year that they get through their contract. We have been having a problem and when I say we have been having a problem this goes back a few months with a vendor that we had doing the cleaning. We had a problem getting them to do some things that we needed to have done. As an example, it used to be when we first had the vendor that they would keep an itemized list of the officers and an itemized list by day of what they had cleaned and they would turn that over to us in alphabetical order. They stopped doing that at one point and all they did was take the invoices and put them in a box by month. We also found that officers would object at some point when we would tell them that they owed money. We asked the vendor, because they use a computer system and we use our computer system, if they could track what we paid for cleaning and when an officer hit his max of \$225 could they then shut him off. They told us that they couldn't do that because there was no way of doing that. I will tell you that since then, over the summer we have changed vendors. What you are seeing in front of you now is the last billing from our old vendor. This has been completely revamped and redone. The vendor we presently have tracks individually and we track on a monthly basis, not every three months like we were doing with the other companies. On a monthly basis we not only get a report ourselves, but we send that report to each one of our employees who have cleaning. When they hit their \$225, although they will still get the contract price, it is between them and the vendor. The City is out of the picture. This is going to happen again once we get these paid and we only have 25 left. What happens is

when we would tell the employee they owed us money they wanted to check and make sure and quite frankly we found quite a few mistakes where they didn't owe as much as we were saying. What was happening is they would come in and at one point as I told you everything was kept alphabetical by month so if Dale Robinson went in to check I could pull Dale Robinson out and go through each item. When they come in now, we pull a box out for a couple of months and they are just thrown in a box so you have to go through and it is very time consuming. The problem you are seeing on cleaning, this isn't going to be anymore. When someone hits their max it will be all over with. Again, they will still get the vendor rates but it will be between them and the vendor and this new vendor has done this for us. We have been with them for three months and I can tell you that it is amazing that in three months I haven't got one complaint. Prior to that I was working on complaints on a weekly basis.

Alderman Smith asked on accident reports I notice there are 12 individual insurance companies. Can't you institute a rule where if someone wants a report they pay first and then they can get the report?

Deputy Chief Robinson answered that is difficult because they pay by page and each report is different. What we have been doing is invoicing them. What we have talked about recently and I talked to my new budget officer, Steve Heff, on this is there are some companies that are somewhat notorious for going over the 90 days. We are sending letters out to those companies telling them that if they want accident reports in the future they need to be paid up with us. These accident reports are important to them for processing the claims so we are going to put a little bit of pressure on them but I think if you add the sum of that money up we are not talking a lot of money and most of the companies do pay. Sometimes we have to call them a few times but for the most part the insurance companies are really good to us about paying. It is not really a major problem but sometimes it goes over the 90 days and we have to chase them. Sometimes, too, you are dealing with a very large company but you are dealing with different agents. Sometimes it is very hard to track down exactly who owes what. They do a lot of research themselves trying to find out which person made the request and did they get the report. There are a lot of i's that need to be dotted and t's crossed.

Alderman Smith asked on extra police details, I know because I used to be a utility inspector but we have several construction firms out there working and they owe the Police Department. I can't see how they can stay in operation. Why can't somebody say that they can't excavate because they owe the Police Department for police detail? One is M&L. They are out there doing City work, probably even today.

Deputy Chief Robinson stated I think we are on Page 11 here. I will tell you that Twin State Cable has paid, although it says it is not here. They are completely pay. Both Dig-Rite and Active have been turned over to a collection agency. Dunkin Donuts is there. We treat them very well. We certainly expect them to pay. We have talked to them. The other point I would make on these details is that when we have to go after the company it doesn't involve, per say, City funds. We have what is called a revolving fund and when an officer works a detail he is paid the following week. That is the labor law. When we go into a hole, when some company doesn't pay us then what we end up doing is taking out of this revolving fund. When the revolving fund gets down then we start taking \$1 from each officer that is working a detail per hour to build it back up and that goes up and down worse than a roller coaster sometimes. So the City, although these funds are flowing through the City, to the best of my knowledge the City doesn't take a hit on this it is the revolving fund, which runs extra details that takes the hit. The other thing that we have instituted and we don't normally do it with construction companies but we do it with circuses and we do it with our lounges is it is a pay there or pay in advance and certainly if we had any problem with anybody that comes back to the City it is a pay up front and most of the time that is by certified check or cash. We have really reduced this compared to what it used to look like in the past.

Alderman Smith asked how come a construction company that owes you money for police detail is doing work right now. Wouldn't you go to the Highway Department and say don't issue them any permits because they owe us money for police details?

Deputy Chief Robinson answered I guess that is a possibility. You could look at that. I can tell you that if it is a company that we continually work with we stay on top of them. I don't know of any company that doesn't make payments to us that we are working with. I believe the two here, Dig-Rite and Active, aren't doing any work in the City right now. I think we are chasing them down. When I checked on this today, both of these companies no longer are out there. Sometimes they get behind on invoicing but any company that we deal with on a regular basis they pay us.

Alderman Smith stated that is my point. These people go in. They owe the City money and they go into bankruptcy and they come back out with another firm and yet they owe us money.

Deputy Chief Robinson replied I have gone through this several times with nightclubs. I know that our City Solicitor has worked with me on a couple. It is completely 100% legal. There is nothing I know of that we can do. They go back out there and they declare bankruptcy. We have gone after a couple of people.

We have won in court but then there is nothing to get from that particular company and they go back out and go up to the Secretary of State and re-register as a new company and come in to town and open up a business. I will tell you without using any names that I have had that done to me recently and when that person has a detail it is cash up front because of the dealings I have had with that person in the past.

Alderman Smith asked when you have a police detail the patrolman would have the individual sign a piece of paper like a contract and we still can't collect from these people.

Deputy Chief Robinson answered we still do that. We still have the cards. The contractor signs. Again, it is like any bill. You bill the person. We go after them. A couple of times I will tell you I have considered not letting their trucks drive in the City but the Solicitor has advised me against that. I thought that was a good idea. We do go after them and when we can't get them in court we go after them with collection agencies. We follow all of the proper procedures and certainly anybody who owes us money we are not going to continue doing details for them. We have done that. We have refused. We had one of the clubs on the West Side that had to hire five or six cops a night and we got paid cash prior to things starting because we knew we were going to get hurt in the end on that. I just don't know how you can close down a construction company.

Alderman Smith stated we are in a bind here as Alderman. We don't have any revenue coming in and there is \$2 million out there and we should be collecting it. I had a good talk with Sharon and I appreciate Sharon and Joanne going through the whole situation and I appreciate your comments here today, Deputy Chief, but can we, Solicitor, publish the names of those people who owe us money in the *Union Leader*?

Deputy Solicitor Arnold replied I think that you could do that. I would not advise it. The problem is that if you make an error in such a list or if a person feels they have a valid defense, you may incur some liability and even if the list is proper and someone brings something such as a defamation suit, you are going to spend time and effort defending it even if their claim is not valid. Can you do it as a matter of law? Yes, I think you can but again I would not advise it.

Alderman Smith responded I can't believe that if someone owes money to the City that we couldn't put their name in the paper. It is just like if you are a member of a club your dues are due and they put your name up on the bulletin board. We have a politician on this list here. It is only \$19 but it should be paid. It just really bothers me that these people...if I didn't pay my taxes you would be taking my house away from me and I think that something should be done. I have just about

had it up to here with everybody owing the City and no one coming through and paying. These are supposed to be respectable citizens.

Alderman Smith moved to publish the names of people who are in arrears 90 or more days in the newspaper. Alderman Thibault duly seconded the motion.

Chairman Shea requested a roll call vote. Aldermen Smith, Thibault and Lopez voted yea. Aldermen Guinta and Shea voted nay. The motion carried.

Alderman Guinta asked what is this going to achieve. Realistically, what is it going to achieve?

Alderman Smith answered I hope it is going to achieve some money in our City budget.

Alderman Guinta stated I appreciate your trying to find ways to collect this money but in reality we are going to spend money to publish names on a list and it is going to take a whole page. What is that, \$1,000 to take out an ad in the paper?

Alderman Smith replied maybe the *Union Leader* would do it as a public service.

Chairman Shea stated what I would like to suggest is that we send this to the City Solicitor's Office and get an opinion.

Alderman Lopez moved for reconsideration of the motion and changed his vote to nay. The previous motion, therefore, failed.

Alderman Lopez moved to have the City Solicitor and the Finance Department get together to work out a procedure for publishing the names of people who owe the City money and come back to the next Committee meeting with a recommendation. Alderman Smith duly seconded the motion.

Chairman Shea called for a vote. There being none opposed, the motion carried.

Alderman Smith stated maybe the time limit is arbitrary but we have had people on this list for two or three years. I think six months is a reasonable time. I am just throwing out this comment but we have to do something. I talked with Sharon and we went through this list item by item. It is a difficult situation and we have to do something.

Chairman Shea stated maybe at the next meeting we should request that the Finance Director and the Solicitor be here to iron out something that is legal, reasonable, and fair.

Alderman Guinta asked on Page 29, the SMG payment, is there a problem with that.

Mr. Sherman answered that \$175,000 is more of a year-end accounting entry. As you go through the flow of funds at the arena they were to set aside that \$175,000 in a capital reserve fund for the City. In essence, SMG has that money for us but in our book we booked it as a receivable because the City doesn't in essence have it. I think once we go through the audit process with SMG you will see that that one goes away.

On motion of Alderman Guinta, duly seconded by Alderman Smith, it was voted to accept the report.

Chairman Shea addressed Item 6 of the agenda:

Report of the Committee on Accounts, Enrollment & Revenue
Administration regarding accounts receivable write-offs for the first quarter
of FY2003.

On motion of Alderman Lopez, duly seconded by Alderman Guinta, it was voted to send this report back to the Board of Mayor and Aldermen.

TABLED ITEM

8. Communication from Kevin Buckley, Internal Audit Manager, submitting the Internal Audit Report relative to the Traffic Department (Canal Street and Victory Garages).
(Re-tabled 10/15/2002 pending further review of info by Mr. Buckley; information previously forwarded to Committee and Board.)

On motion of Alderman Lopez, duly seconded by Alderman Guinta, it was voted to remove this item from the table.

Alderman Smith stated the main reason I took this off was because I know the garage situation is coming up tonight and I want to know what the situation is with the accounting procedures with Central Parking right now. The only problem I guess we had was with worker's compensation.

Mr. Sherman replied my understanding is that Kevin has submitted a counterproposal back to them as far as what he believes the number should be and he is currently waiting for a response.

Alderman Smith stated generally though there are no problems with their accounting procedures.

Mr. Sherman replied yes.

On motion of Alderman Lopez, duly seconded by Alderman Smith, it was voted to put this item back on the table.

Alderman Lopez stated I have a question for Randy. I read an article in the newspaper about the \$400,000 from Verizon. Could you clarify that?

Mr. Sherman replied if the \$400,000 materializes and let me tell you how the \$400,000 number came about. The *Union Leader* wanted to do this story on the one-year anniversary. They came in. They looked at the financial statements that we receive on a monthly basis from Verizon. We are only up through September statements, not October, which is their year-end. What they did was they took the net income, their revenues after expenses of what was showing on that September report. From there, they made an estimate of what they thought the debt service payments were because we do not have access to those numbers. They made an estimate on that. As you go through the flow of funds there is a sharing provision. A certain amount goes back to SMG; a certain amount goes to the bank. At the end of the day what falls out of the bottom of all of these sharing provisions is what comes back to the City. If the *Union Leader* has done all of their calculations correctly, what would be coming back to the City is roughly \$400,000. Now, what the City would do with that \$400,000 is put it in one of those new funds that you just established that the Mayor had proposed for one-time revenues. What that fund does is it allows you to use those funds in one of two ways. You can either use those funds for a one time capital type expenditure or you can leave the dollars in the fund and then only live off of the interest that is coming out of that fund. If you wanted to use it for a recurring operating type expense...seeing as how Police is here I will give them a little plug. If you wanted to say okay we are going to put that \$400,000 aside and every year the Police Department has access to the revenues to buy police cars because we don't consider police cars a one time type expense you could do that. On the flip side you could take that \$400,000 and say gee we want to put in new tennis courts on the West Side and that is a one-time deal and you can do that. There is a benefit to the budget. There is a benefit to the taxpayer because ultimately one way or the other you probably will be removing something from the budget. Again, if we can use those dollars and maybe relieve on the bonding side something we would normally bond you can use it for that or again if you can supplement your normal operating budget by just using the investment earnings. You can do that as well.

Chairman Shea stated it comes to the point Randy...this \$2.4 million does that exclude the fact that SMG made more profit than...in other words according to the paper I guess \$28.2 million went through that place and somebody had to make a profit over and above...

Mr. Sherman interjected just shooting from the hip here they brought in through September about \$5 million of revenue. They had about \$2.5 million of operating expenses and then their management fee at that point was \$450,000. That left roughly \$2.1 million. From the \$2.1 million they would first pay debt service on the bank debt. After that, if there is any money left the first \$450,000 gets split evenly between the capital reserve fund, which we addressed earlier, the bank gets a pre-payment and SMG gets a bonus. Once you get through that provision if there is any money left, an additional \$25,000 goes to the City for the capital reserve fund and at that point what is left gets split. The bank gets 50% of what is left as a second pre-payment and then the balance gets split up between the City and SMG and SMG at that point is capped at another \$150,000. Their incentive is to make that bottom line so they can keep getting all of their bonuses. If they are getting all of their bonuses that is a good thing for the City and at this point it looks like when we get down to that split again based on the preliminary numbers there is about \$1.1 million left, which means the bank would get \$550,000 and the other \$550,000 would get split \$150,000 to SMG and \$400,000 to the City. Again, I caution you because these are all preliminary numbers. They are not audited. They have hired an auditor to come in. We would expect to get final numbers hopefully by January.

Chairman Shea asked will we all get a copy of that audit.

Mr. Sherman answered yes.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman Guinta, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee